

2400 THE BANK OF NOVA SCOTIA BUILDING
44 KING ST. WEST, TORONTO 105, ONTARIO

August 18, 1972

To the Shareholders:

Your Directors respectfully submit the interim report for the six month period ending June 30, 1972.

	1972	1971
Profit before Corporation Income Taxes and after Providing for Depreciation	\$1,076,986	\$1,099,418
Per Share	.81	.96
Profit after Current Corporation Income Taxes	859,986	845,218
Per Share	.65	.74
Net Profit after Deferred Corporation Income Taxes	529,986	517,618
Per Share	.40	.45
Earnings applicable to Common Stock Before Non-Cash Charges	1,004,981	980,894
Per Share	.76	.86
Average Number of Shares Outstanding	1,330,015	1,137,707

During the second quarter of 1972, the net profit was \$324,440.00 compared to \$213,965.00 in the second quarter of 1971. The net profit for the first six months of 1972 was \$529,986.00 compared with \$517,618.00 in the first six months of 1971.

During the quarter your Company received \$10,000,000.00 (less commission) from the previously announced sale of 500,000 treasury common shares of the Company that were sold for \$20.00 per share to two investors, Simpsons Limited and Hambro Corporation of Canada Limited.

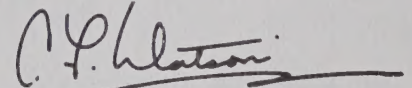
During the month of July your Company entered into an agreement to purchase all the common shares of Millmink Developments Limited. This Company owns and operates a regional shopping centre in North West Toronto and in addition, it owns vacant zoned lands for approximately 2000 apartment units on the former Forest Hills Golf Club in North Central Toronto. The expertise and financial strength of your Company channelled to the development potential of these assets should make for profitable additions to the income property portfolio. The Millmink purchase is subject to the shareholders' approval of the vendor.

Within the Peel Village community the 160 unit apartment that came on stream in June is meeting with a high rental rate. We have also commenced construction on a further 195 suites, which building is now constructed to the 5th floor. It is further anticipated that construction of another 195 suites will be commenced during the third quarter. This construction and rental activity in Peel Village should continue for several years, resulting in a strong influence on our corporate growth and profit.

Our expansion of Shoppers' World Peel Village Brampton opened as scheduled on August 2nd, and as of this date has been a resounding success, due to its location, design and the merchandizing mix of local and National Merchants including the Simpsons Department Store. This centre has been a very significant source of revenue since opening in 1969, which revenue should be substantially increased due to this expansion.

Perhaps one of the most important single events in your Company's corporate history took place during the past weeks, namely the final government approval and registration of a plan of land subdivision of Neighborhood #1 of Peel Village Highlands Preston. This is the long awaited new community your Company had proposed some years ago in one of the fastest growing areas on the Continent. Planning, servicing of roads and making ready for a building and selling program is presently being geared up within the Company. The effects and success of this project will and should materially affect the future growth of Peel-Elder. This project is a 50/50 venture with Canadian Goldale Corporation Limited.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "C. F. Watson", with a horizontal line drawn underneath it.

CHARLES F. WATSON,
President.

PEEL-ELDER LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR SIX MONTHS ENDED 30 JUNE, 1972
(prepared without audit)

	1972	1971
OPERATIONS		
Houses and Land		
Sales	\$ 839,629	\$ 982,280
Costs	584,000	465,679
	<u>255,629</u>	<u>516,601</u>
Rentals		
Revenue	1,994,352	1,737,562
Costs	1,165,764	1,027,811
	<u>828,588</u>	<u>709,751</u>
	1,084,217	1,226,352
General and Administrative Expenses	<u>213,297</u>	<u>222,710</u>
	870,920	1,003,642
Other Income		
Interest, Discounts and Sundry	206,066	95,776
Profit Before Provision for Income Taxes	1,076,986	1,099,418
Provision for Current Income Taxes	<u>217,000</u>	<u>254,200</u>
Profit before Provision for Deferred Income Taxes	<u>859,986</u>	<u>845,218</u>
Provision for Deferred Income Taxes	<u>330,000</u>	<u>327,600</u>
Net Profit For The Period	\$ 529,986	\$ 517,618
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Depreciation	144,995	135,676
Deferred Income Taxes	<u>330,000</u>	<u>327,600</u>
CASH FLOW FROM OPERATIONS	<u>\$1,004,981</u>	<u>\$ 980,894</u>

PEEL-ELDER LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR SIX MONTHS ENDED 30 JUNE, 1972
(prepared without audit)

	1972	1971
SOURCE OF CASH		
Operations		
Net Profit for the Period	\$ 529,986	\$ 517,618
Non-Cash Charges:		
Depreciation	144,995	135,676
Provision for Deferred Income Taxes	330,000	327,600
Cash Flow From Operations	<u>1,004,981</u>	<u>980,894</u>
Proceeds of Sale of Shares of		
Peel-Elder Limited	9,826,514	362,500
Proceeds of Mortgages and Notes Payable	689,135	612,816
Increase in Tenants' Deposits	24,417	7,654
Decrease in Inventories	530,559	311,833
	<u>\$12,075,606</u>	<u>\$ 2,275,697</u>
USE OF CASH		
Term Deposit	\$ 5,000,000	\$ —
Mortgages and Note Payable Repayments	1,850,990	77,334
Investments in Joint Enterprises	79,283	529,202
Acquisition of Fixed Assets and Rental		
Properties, including Expenditures		
on Projects under Construction	2,030,422	669,370
Increase in Mortgages Receivable,		
Marketable Securities and		
Prepaid Expenses	454,284	743,471
Reduction (Increase) in Accounts Payable,		
Income Taxes Payable and Provisions		
for Servicing and Construction	602,592	(143,205)
Increase (Decrease) in Accounts		
Receivable	362,380	(524,567)
Reduction of Bank Advances	1,695,655	924,092
	<u>\$12,075,606</u>	<u>\$ 2,275,697</u>